

## CHAPTER 19

PAYMENT PROVISIONS FOR GRANTS AND OTHER INSTRUMENTS OF ASSISTANCE1901 PAYMENTS190101 General

A. This chapter provides the necessary guidance to disbursing offices to ensure that payments are made properly for expenditures of funds under DoD grants, cooperative agreements, and other instruments of assistance not covered in Chapters 1 through 18 of this volume. Guidance also is included for cash management and debt collections associated with grants and other instruments of assistance. The awards for grants and other instruments are issued in accordance with DoD Grant and Agreement Regulation (DoD 3210.6-R.)

B. The office that issues the grant or other type of instrument of assistance distributes a copy of the award to the disbursing office and the administering office if administration is delegated. Modifications made by the awarding or administering office also will be promptly distributed to the disbursing office and other impacted offices. The award designates the specific disbursing office which will make payment. The disbursing office's copy supports the payment and is attached to the retained copy in the payment file or document.

C. Close working relations between the disbursing office personnel, awarding office personnel, granting officer, and the administrative officer are necessary for timely and accurate handling of financial transactions in issuing and paying the assistance instruments. When making a payment, disbursing office personnel should refer to the payment provision of DoD 3210.6-R.

D. Electronic data interchange (EDI) and electronic funds transfer (EFT) are the preferred methods to process payment requests and related actions. The EDI guidance contained

in Chapter 17 of this volume also is applicable to payment actions in this chapter.

E. Disbursing office personnel should give careful attention to payments made for programs covered by the Cash Management Improvement Act (CMIA). The CMIA sets rules, including interest liabilities, and procedures for the transfer of funds between Federal agencies and the states for financing Federal Assistance Programs. The CMIA is implemented by 31 CFR 205.

190102 Quality and Internal Control

The guidance and requirements concerning quality and internal controls provided in paragraphs 010103, 010301, and 010302 of this volume are applicable to payment actions in this chapter.

190103 Methods of Payment

Several methods of payment are authorized for grants, cooperative agreements, and other assistance transactions. The method to be used is prescribed in the award documents. A short description of several methods of payments follows.

A. An advance payment means a payment made to a recipient upon their request either before outlays are made by the recipient or through the use of predetermined payment schedules.

B. A reimbursement means that a payment is made to the recipient upon its request after cash outlays are made by the recipient.

C. A working capital advance means advancing cash to a recipient to cover estimated disbursement needs for an initial period gener-

ally geared to the awardee's disbursing cycle. Thereafter, the recipient is reimbursed for actual cash outlays.

D. A payable milestones payment means a payment made to a recipient according to a schedule of predetermined measures of technical progress.

#### 190104 Payment Request

A. For non-construction programs agreements with states, local governments, universities, and other non-profits, DoD 3210.6-R requires requests for advance payments or reimbursements to be made on SF 270, Request for Advance or Reimbursements. For construction programs, SF 271, Outlay Report and Request for Reimbursement, may be used. Other forms may be authorized if exceptions are approved in advance by the awarding agency.

B. For payments to commercial recipients, DoD Components may authorize recipients to use SF 270, SF 271, or prescribe other forms as necessary.

#### 190105 Administrative Office Review of Payment Request

A. The administering office is responsible for reviewing each payment request to ensure that:

1. The request complies with the award.

2. Funds are available to pay the award.

B. The administering office also will certify that the request for payment is proper and forward a copy to the disbursing office.

#### 190106 Paying the Request

The disbursing office will:

A. Match the payment request to the obligating document and ensure that the unliquidated balance on the award is sufficient to make the payment.

B. Make payment as soon as practicable in accordance with the following guidelines:

1. No more than 7 days after receipt of the recipient's request at the administering office whenever electronic commerce is used, i.e., EDI to request the payment and EFT to make the payment.

2. No more than 30 days after receipt of the recipient's request at the administering office when it is not possible to use electronic commerce.

3. No more than 7 days after each date specified, when payments are authorized in advance based on a predetermined payment schedule provided that the payment schedule was received in the disbursing office at least 30 days in advance.

#### 190201 Responsibility for Collection of Debts for Grants and Other Assistance Instruments

Any funds paid to a recipient in excess of the amount to which the recipient is entitled constitutes a debt to the Federal Government. Primary responsibility for collecting the debt may rest with the disbursing office or the grants office.

A. Paragraph 180101 applies to contractor debts which the disbursing office has primary responsibility for collecting. The disbursing office is responsible for the determining the amount and collecting debts owed by contractors. This section extends those responsibilities to Federal assistance awards whenever overpayments or erroneous payments are made. Disbursing offices will follow the guidance contained in Chapter 18 of this volume for collecting debts arising from Federal assistance agreements.

B. Grant officers have the initial responsibility for collecting all other debts arising from assistance agreements, except those described in paragraph 190201-A. After a recipient has exhausted all appeals and the debt has not been resolved, the grants officer will prepare and send a demand letter to the recipient and to the Debt Management Division, DFAS-CO-FD. When a debt is transferred to the DFAS-CO-FD for

further action, supporting documentation must be provided as prescribed in paragraph 180406 of this volume.

C. Upon receipt of the demand letter and supporting documentation of the debt from the grants officer, the DFAS-CO-FD shall set up a memorandum accounts receivable for the debt and pursue collection of it.

D. In accordance with the provisions of OMB Circular A-129, the disbursing office may use an administrative offset to collect delinquent debts owed by a recipient. If an administrative offset is taken, the disbursing office shall follow the due process as provided in 31 U.S.C. 3716 and also 4 CFR 102.2 and 102.3, where the statute and regulations are applicable. Use of an administrative offset is not required in every instance in which there is an available source of funds. The disbursing office shall make the determination on a case-by-case basis in conjunction with the grants officer responsible for the award against which the offset will be applied. Following are examples when an offset shall not be taken.

1. Recovery of debt by an administrative offset shall not be taken when the grants officer determines that the offset will substantially interfere with or defeat the purpose of the program for which the offset is contemplated.

2. Grants and cooperative agreements that are paid in advance generally are not subject to offset. The disbursing office may request the grants officer to convert the method of payment to a reimbursement basis to enable use of an administrative offset, if that is deemed to be in the best interest of the government.

E. The disbursing office also may recover delinquent debts using other means that are available pursuant to OMB Circular A-129 as implemented in Volume 5, Chapters 29, 31, and 32 of this Regulation.

F. Disbursing offices shall apply interest and administrative costs to delinquent debts which is consistent with the OMB Circular A-129 and Volume 5, Chapters 29, 31, and 32 of this Regulation. These costs also will be applied

in conjunction with 4 CFR 102.13, except where applicable statutes or regulations prohibit or explicitly set such charges or where 4 CFR 102 provides other exemptions.

G. Any debt that is determined to be uncollectible shall be written off in accordance with the OMB Circular A-129 and applicable provisions of Volume 5, Chapters 29, 31, and 32, of this Regulation.